

SAN LUIS OBISPO COUNTY ECONOMIC FORECAST

San Luis Obispo County is located on the central coast of California, north of Santa Barbara County. It is one of the principal regions for California's wine industry. The county has a population of 278,900 people and a total of 119,100 wage and salary jobs. The per capita income is \$52,499 and the average salary per worker is \$54,523.

The principal employment clusters in San Luis Obispo County are retail trade, leisure services, education and healthcare services, and government. However, with 23,900 jobs, the public sector dominates all other industries. This is primarily because the county has several large state institutions, including Cal Poly State University, Cuesta College, Atascadero State Hospital, the California Men's Colony, and the California Youth Authority.

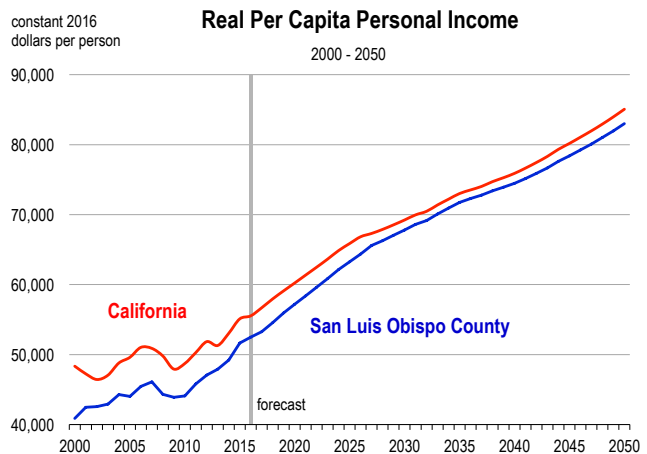
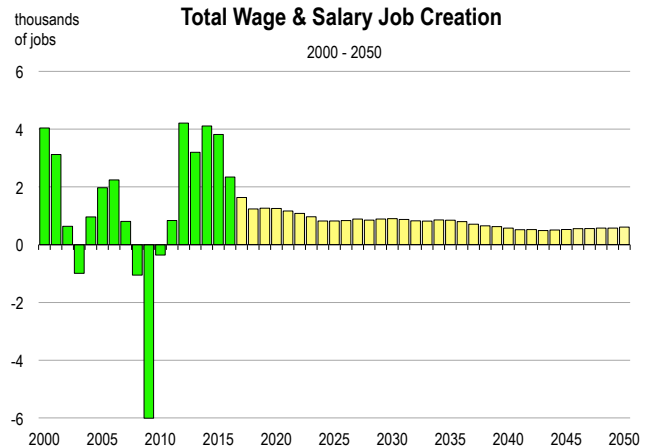
Across Southern California, employment increased by 2.6 percent in 2016. In San Luis Obispo County, a total of 2,300 jobs were created, representing a growth rate of 2.0 percent. The unemployment rate improved during the year, falling from 4.7 percent in 2015 to 4.3 percent in 2016.

In 2016, job growth was spread across a number of industries. The largest employment gains were observed in leisure and hospitality (+900 jobs), healthcare and education (+470 jobs), construction (+440 jobs), government (+280 jobs), wholesale and retail trade (+280 jobs), and professional and business services (+260 jobs). The largest losses were in information (-130 jobs), agriculture (-120 jobs), financial activities (-90 jobs), and manufacturing (-80 jobs).

From 2011 to 2016, the population of San Luis Obispo County increased by 0.6 percent per year. This was largely due to in-migration, as the natural increase (new births) was low. Because the county has an older resident base, the birth rate is low, and most future population growth will be the result of in-migration.

FORECAST HIGHLIGHTS

- In 2017, total employment is expected to increase by 2.4 percent. From 2017 to 2022, growth is expected to average 1.0 percent per year.
- Average salaries are currently well below the California state average, and will remain so over the forecast horizon. In San Luis Obispo County, inflation-adjusted salaries will rise by an average of 1.8 percent per year between 2017 and 2022.
- The leisure services, wholesale and retail trade, education and healthcare, and government sectors will exhibit the strongest job growth between 2017 and 2022. Together, these sectors will account for 76 percent of net job creation in the county.
- Population growth will remain slow, with growth averaging 0.4 percent per year between 2017 and 2022.

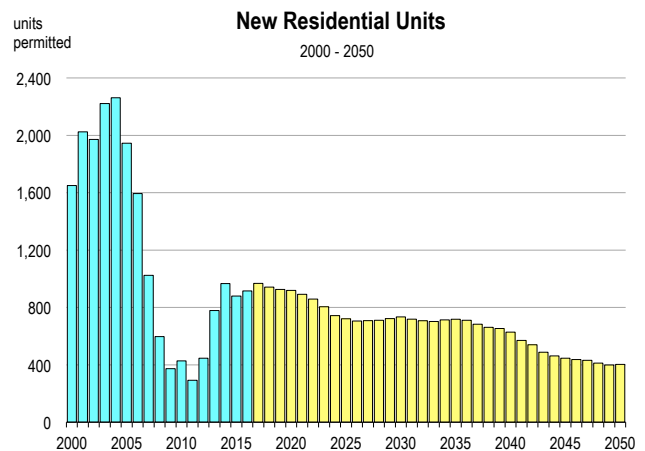
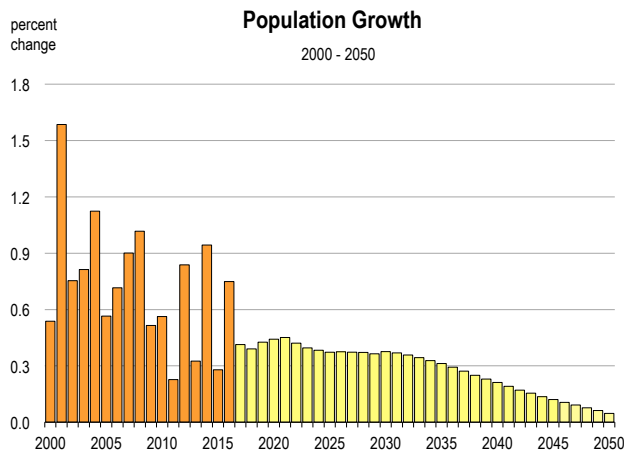


- Between 2017 and 2022, an average of 1,000 net migrants will enter the county each year, accounting for 85 percent of total population growth.
- Real income per capita will rise by 1.4 percent in 2017. Over the 2017-2022 period, growth will average 1.0 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.4 percent per year over the 2017-2022 period.
- Industrial production will increase by 3.0 percent in 2017. From 2017 to 2022, the growth rate of industrial production will average 2.2 percent per year.
- Farm production is expected to increase by 0.7 percent per year between 2017 and 2022. The principal crops in the county are strawberries and wine grapes.

San Luis Obispo County Economic Forecast

2010-2016 History, 2017-2050 Forecast

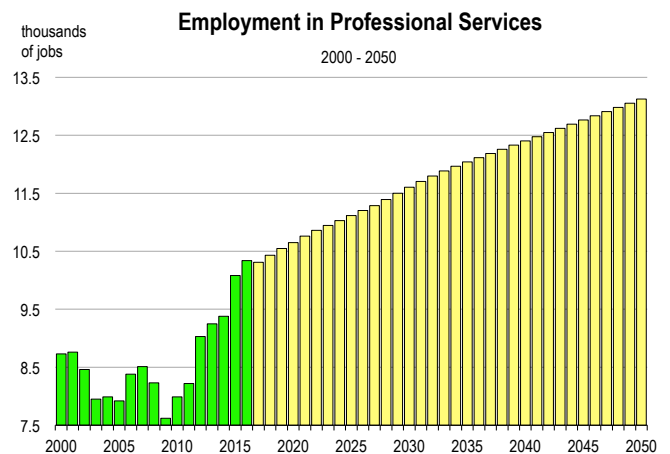
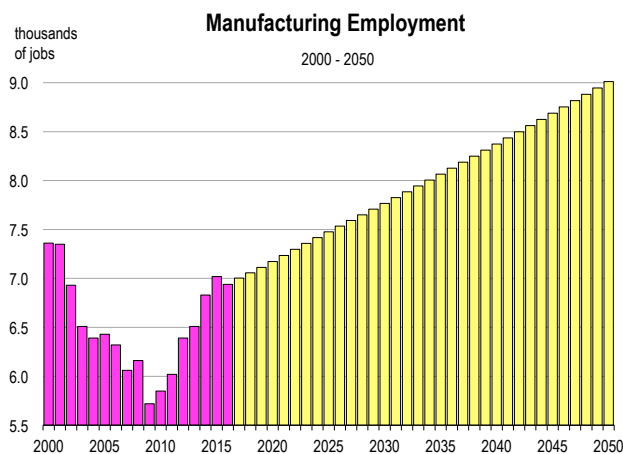
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (millions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2010 | 269,732 | 742 | 286 | 102.0 | 427 | \$3.61 | \$10.78 | \$44,092 | 1.2 | 786.5 | 1,793 | 10.1 |
| 2011 | 270,344 | 1,107 | 286 | 102.2 | 293 | \$4.02 | \$11.53 | \$45,819 | 2.7 | 791.2 | 1,747 | 9.6 |
| 2012 | 272,608 | 248 | 284 | 102.5 | 446 | \$5.03 | \$12.18 | \$47,067 | 2.0 | 907.7 | 1,897 | 8.3 |
| 2013 | 273,494 | 1,898 | 293 | 102.5 | 778 | \$5.02 | \$12.58 | \$47,924 | 1.1 | 1001.0 | 2,011 | 6.8 |
| 2014 | 276,075 | 523 | 298 | 103.0 | 967 | \$5.25 | \$13.21 | \$49,202 | 1.4 | 928.4 | 2,133 | 5.6 |
| 2015 | 276,844 | 2,350 | 304 | 103.5 | 880 | \$4.94 | \$14.03 | \$51,649 | 0.9 | 844.4 | 2,223 | 4.7 |
| 2016 | 278,917 | 542 | 311 | 104.0 | 915 | \$5.04 | \$14.64 | \$52,499 | 1.9 | 795.6 | 2,256 | 4.3 |
| 2017 | 280,070 | 908 | 314 | 104.8 | 968 | \$5.19 | \$15.34 | \$53,253 | 2.5 | 800.8 | 2,323 | 3.8 |
| 2018 | 281,164 | 875 | 317 | 105.7 | 942 | \$5.44 | \$16.20 | \$54,560 | 2.7 | 806.8 | 2,363 | 3.6 |
| 2019 | 282,362 | 994 | 321 | 106.5 | 926 | \$5.74 | \$17.15 | \$55,965 | 2.8 | 812.1 | 2,406 | 3.4 |
| 2020 | 283,610 | 1,063 | 324 | 107.3 | 919 | \$6.06 | \$18.09 | \$57,204 | 2.9 | 818.4 | 2,464 | 3.5 |
| 2021 | 284,890 | 1,108 | 327 | 108.1 | 892 | \$6.37 | \$19.07 | \$58,407 | 2.8 | 824.6 | 2,519 | 3.6 |
| 2022 | 286,089 | 1,045 | 329 | 108.9 | 859 | \$6.68 | \$20.07 | \$59,615 | 3.0 | 831.1 | 2,585 | 3.7 |
| 2023 | 287,221 | 999 | 332 | 109.7 | 805 | \$7.00 | \$21.11 | \$60,872 | 2.6 | 837.6 | 2,659 | 3.9 |
| 2024 | 288,322 | 987 | 334 | 110.4 | 743 | \$7.33 | \$22.17 | \$62,160 | 2.5 | 844.2 | 2,730 | 4.0 |
| 2025 | 289,396 | 982 | 336 | 111.1 | 721 | \$7.70 | \$23.17 | \$63,264 | 2.4 | 850.9 | 2,795 | 4.1 |
| 2026 | 290,482 | 1,013 | 338 | 111.8 | 706 | \$8.06 | \$24.19 | \$64,355 | 2.3 | 857.6 | 2,857 | 4.1 |
| 2027 | 291,565 | 1,032 | 340 | 112.4 | 708 | \$8.43 | \$25.28 | \$65,583 | 2.5 | 864.3 | 2,931 | 4.2 |
| 2028 | 292,649 | 1,055 | 342 | 113.0 | 711 | \$8.80 | \$26.28 | \$66,280 | 2.7 | 871.2 | 3,013 | 4.2 |
| 2029 | 293,715 | 1,059 | 344 | 113.7 | 722 | \$9.14 | \$27.28 | \$67,041 | 2.3 | 878.1 | 3,100 | 4.2 |
| 2030 | 294,819 | 1,113 | 347 | 114.3 | 734 | \$9.50 | \$28.29 | \$67,809 | 2.1 | 885.1 | 3,190 | 4.2 |
| 2031 | 295,907 | 1,115 | 349 | 114.9 | 719 | \$9.89 | \$29.32 | \$68,593 | 2.0 | 892.2 | 3,283 | 4.2 |
| 2032 | 296,966 | 1,106 | 351 | 115.6 | 708 | \$10.32 | \$30.34 | \$69,164 | 2.1 | 899.3 | 3,379 | 4.2 |
| 2033 | 297,987 | 1,088 | 353 | 116.2 | 702 | \$10.72 | \$31.43 | \$70,086 | 2.2 | 906.6 | 3,478 | 4.2 |
| 2034 | 298,964 | 1,071 | 355 | 116.8 | 714 | \$11.17 | \$32.58 | \$70,938 | 2.3 | 913.9 | 3,579 | 4.2 |
| 2035 | 299,899 | 1,058 | 357 | 117.4 | 718 | \$11.62 | \$33.78 | \$71,765 | 2.4 | 921.3 | 3,684 | 4.2 |
| 2036 | 300,777 | 1,032 | 359 | 118.1 | 711 | \$12.09 | \$35.01 | \$72,306 | 2.3 | 928.8 | 3,792 | 4.2 |
| 2037 | 301,595 | 996 | 361 | 118.7 | 683 | \$12.53 | \$36.28 | \$72,782 | 2.2 | 936.4 | 3,904 | 4.2 |
| 2038 | 302,349 | 949 | 362 | 119.3 | 662 | \$12.96 | \$37.59 | \$73,419 | 2.1 | 944.1 | 4,019 | 4.2 |
| 2039 | 303,043 | 909 | 364 | 119.9 | 653 | \$13.41 | \$38.96 | \$73,935 | 2.1 | 951.8 | 4,137 | 4.2 |
| 2040 | 303,685 | 875 | 365 | 120.5 | 628 | \$13.85 | \$40.34 | \$74,491 | 2.3 | 959.7 | 4,259 | 4.2 |
| 2041 | 304,265 | 838 | 367 | 121.0 | 570 | \$14.29 | \$41.75 | \$75,160 | 2.5 | 967.7 | 4,385 | 4.2 |
| 2042 | 304,785 | 801 | 368 | 121.6 | 540 | \$14.74 | \$43.19 | \$75,896 | 2.3 | 975.7 | 4,515 | 4.2 |
| 2043 | 305,256 | 775 | 369 | 122.0 | 488 | \$15.20 | \$44.65 | \$76,683 | 2.3 | 983.9 | 4,649 | 4.2 |
| 2044 | 305,671 | 744 | 370 | 122.5 | 462 | \$15.66 | \$46.14 | \$77,610 | 2.2 | 992.1 | 4,788 | 4.2 |
| 2045 | 306,040 | 722 | 372 | 122.9 | 446 | \$16.15 | \$47.67 | \$78,395 | 2.1 | 1000.5 | 4,930 | 4.2 |
| 2046 | 306,363 | 701 | 373 | 123.3 | 437 | \$16.64 | \$49.24 | \$79,240 | 2.2 | 1009.0 | 5,077 | 4.2 |
| 2047 | 306,644 | 683 | 374 | 123.7 | 432 | \$17.13 | \$50.84 | \$80,095 | 2.3 | 1017.5 | 5,228 | 4.2 |
| 2048 | 306,879 | 661 | 376 | 124.1 | 412 | \$17.65 | \$52.53 | \$81,010 | 2.3 | 1026.2 | 5,385 | 4.2 |
| 2049 | 307,070 | 642 | 377 | 124.5 | 399 | \$18.18 | \$54.28 | \$81,971 | 2.4 | 1035.0 | 5,546 | 4.2 |
| 2050 | 307,214 | 621 | 379 | 124.8 | 403 | \$18.73 | \$56.12 | \$82,993 | 2.5 | 1044.0 | 5,712 | 4.2 |

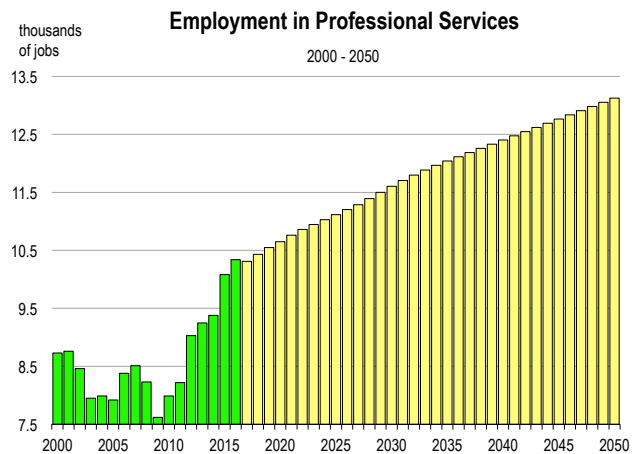
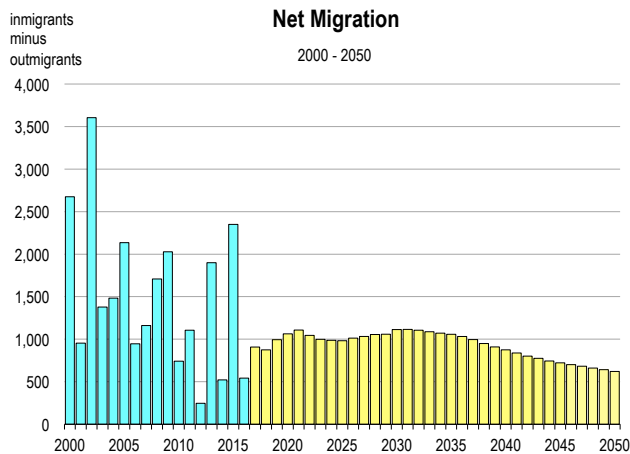
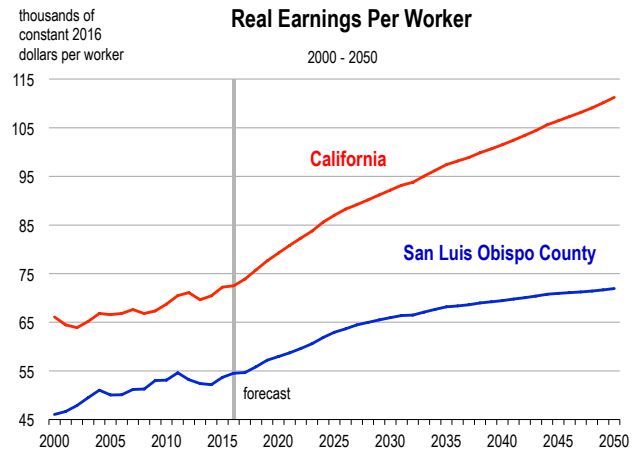
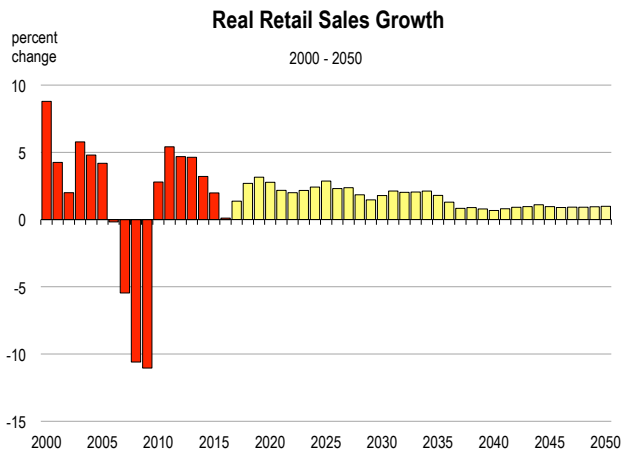


San Luis Obispo County Employment Forecast

2010-2016 History, 2017-2050 Forecast

| | Total Wage & Salary | Farm | Construction | Manufac- turing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|------|--|------|--------------|--------------------|-------------------------------|-----------------------------|-------------------------|--------------------------|-------------|-----------------------|---------|------------|
| | -----employment (thousands of jobs)----- | | | | | | | | | | | |
| 2010 | 100.5 | 4.7 | 4.9 | 5.9 | 3.6 | 15.6 | 3.9 | 8.0 | 1.2 | 12.6 | 14.8 | 20.9 |
| 2011 | 101.4 | 4.7 | 5.1 | 6.0 | 3.5 | 15.9 | 4.0 | 8.2 | 1.1 | 12.7 | 14.9 | 20.6 |
| 2012 | 105.6 | 5.1 | 5.5 | 6.4 | 3.8 | 16.3 | 4.1 | 9.0 | 1.2 | 13.0 | 15.7 | 20.7 |
| 2013 | 108.8 | 4.5 | 6.1 | 6.5 | 4.0 | 16.5 | 4.1 | 9.3 | 1.4 | 14.0 | 16.2 | 21.5 |
| 2014 | 112.9 | 4.7 | 6.4 | 6.8 | 4.0 | 16.6 | 4.1 | 9.4 | 1.4 | 14.5 | 16.8 | 22.9 |
| 2015 | 116.7 | 5.0 | 6.7 | 7.0 | 4.0 | 16.7 | 4.2 | 10.1 | 1.5 | 14.6 | 17.6 | 23.6 |
| 2016 | 119.1 | 4.9 | 7.2 | 6.9 | 4.1 | 17.0 | 4.1 | 10.3 | 1.4 | 15.0 | 18.5 | 23.9 |
| 2017 | 120.7 | 4.9 | 7.4 | 7.0 | 4.1 | 17.0 | 4.2 | 10.3 | 1.4 | 15.2 | 18.9 | 24.5 |
| 2018 | 121.9 | 4.9 | 7.5 | 7.1 | 4.2 | 17.2 | 4.1 | 10.4 | 1.4 | 15.3 | 19.0 | 24.9 |
| 2019 | 123.2 | 4.8 | 7.6 | 7.1 | 4.2 | 17.4 | 4.1 | 10.5 | 1.4 | 15.5 | 19.3 | 25.3 |
| 2020 | 124.4 | 4.8 | 7.6 | 7.2 | 4.2 | 17.7 | 4.2 | 10.6 | 1.4 | 15.7 | 19.6 | 25.5 |
| 2021 | 125.6 | 4.9 | 7.6 | 7.2 | 4.2 | 17.9 | 4.2 | 10.8 | 1.4 | 15.8 | 19.9 | 25.7 |
| 2022 | 126.7 | 4.9 | 7.6 | 7.3 | 4.2 | 18.1 | 4.2 | 10.9 | 1.4 | 16.0 | 20.2 | 25.9 |
| 2023 | 127.7 | 4.9 | 7.5 | 7.4 | 4.2 | 18.2 | 4.2 | 10.9 | 1.5 | 16.1 | 20.6 | 26.1 |
| 2024 | 128.5 | 5.0 | 7.4 | 7.4 | 4.2 | 18.4 | 4.2 | 11.0 | 1.5 | 16.3 | 20.8 | 26.2 |
| 2025 | 129.3 | 5.0 | 7.3 | 7.5 | 4.2 | 18.7 | 4.2 | 11.1 | 1.5 | 16.5 | 20.9 | 26.4 |
| 2026 | 130.1 | 5.0 | 7.2 | 7.5 | 4.2 | 18.9 | 4.2 | 11.2 | 1.5 | 16.7 | 21.0 | 26.5 |
| 2027 | 131.0 | 5.1 | 7.2 | 7.6 | 4.2 | 19.1 | 4.2 | 11.3 | 1.5 | 16.9 | 21.2 | 26.7 |
| 2028 | 131.9 | 5.1 | 7.2 | 7.7 | 4.2 | 19.2 | 4.2 | 11.4 | 1.5 | 17.1 | 21.3 | 26.8 |
| 2029 | 132.8 | 5.1 | 7.2 | 7.7 | 4.2 | 19.4 | 4.2 | 11.5 | 1.5 | 17.3 | 21.5 | 26.9 |
| 2030 | 133.7 | 5.2 | 7.2 | 7.8 | 4.2 | 19.5 | 4.2 | 11.6 | 1.6 | 17.4 | 21.7 | 27.0 |
| 2031 | 134.5 | 5.2 | 7.2 | 7.8 | 4.2 | 19.7 | 4.2 | 11.7 | 1.6 | 17.6 | 21.8 | 27.1 |
| 2032 | 135.4 | 5.2 | 7.2 | 7.9 | 4.2 | 19.9 | 4.2 | 11.8 | 1.6 | 17.8 | 22.0 | 27.2 |
| 2033 | 136.2 | 5.3 | 7.2 | 7.9 | 4.2 | 20.0 | 4.2 | 11.9 | 1.6 | 17.9 | 22.2 | 27.3 |
| 2034 | 137.0 | 5.3 | 7.2 | 8.0 | 4.2 | 20.2 | 4.2 | 12.0 | 1.6 | 18.0 | 22.4 | 27.4 |
| 2035 | 137.9 | 5.3 | 7.2 | 8.1 | 4.2 | 20.4 | 4.2 | 12.0 | 1.6 | 18.2 | 22.6 | 27.5 |
| 2036 | 138.7 | 5.4 | 7.2 | 8.1 | 4.2 | 20.5 | 4.2 | 12.1 | 1.6 | 18.4 | 22.8 | 27.6 |
| 2037 | 139.4 | 5.4 | 7.2 | 8.2 | 4.2 | 20.6 | 4.2 | 12.2 | 1.6 | 18.5 | 23.0 | 27.7 |
| 2038 | 140.1 | 5.5 | 7.2 | 8.2 | 4.2 | 20.7 | 4.2 | 12.3 | 1.6 | 18.6 | 23.2 | 27.8 |
| 2039 | 140.7 | 5.5 | 7.1 | 8.3 | 4.2 | 20.8 | 4.2 | 12.3 | 1.7 | 18.7 | 23.4 | 27.9 |
| 2040 | 141.3 | 5.5 | 7.1 | 8.4 | 4.3 | 20.9 | 4.2 | 12.4 | 1.7 | 18.7 | 23.6 | 28.0 |
| 2041 | 141.8 | 5.6 | 7.0 | 8.4 | 4.3 | 20.9 | 4.2 | 12.5 | 1.7 | 18.8 | 23.8 | 28.1 |
| 2042 | 142.3 | 5.6 | 6.8 | 8.5 | 4.3 | 21.0 | 4.2 | 12.5 | 1.7 | 18.8 | 24.0 | 28.2 |
| 2043 | 142.8 | 5.6 | 6.7 | 8.6 | 4.3 | 21.1 | 4.2 | 12.6 | 1.7 | 18.9 | 24.3 | 28.3 |
| 2044 | 143.3 | 5.7 | 6.6 | 8.6 | 4.3 | 21.2 | 4.2 | 12.7 | 1.7 | 18.9 | 24.5 | 28.4 |
| 2045 | 143.8 | 5.7 | 6.4 | 8.7 | 4.3 | 21.3 | 4.2 | 12.8 | 1.7 | 19.0 | 24.7 | 28.5 |
| 2046 | 144.4 | 5.8 | 6.4 | 8.8 | 4.3 | 21.4 | 4.2 | 12.8 | 1.7 | 19.0 | 24.9 | 28.6 |
| 2047 | 144.9 | 5.8 | 6.3 | 8.8 | 4.3 | 21.4 | 4.2 | 12.9 | 1.7 | 19.0 | 25.1 | 28.7 |
| 2048 | 145.5 | 5.9 | 6.2 | 8.9 | 4.3 | 21.5 | 4.2 | 13.0 | 1.8 | 19.1 | 25.3 | 28.8 |
| 2049 | 146.1 | 5.9 | 6.2 | 8.9 | 4.3 | 21.6 | 4.2 | 13.1 | 1.8 | 19.1 | 25.6 | 28.9 |
| 2050 | 146.7 | 5.9 | 6.1 | 9.0 | 4.3 | 21.7 | 4.2 | 13.1 | 1.8 | 19.1 | 25.8 | 29.0 |





County Economic and Demographic Indicators

Projected Economic Growth (2017-2022)

| | |
|----------------------------------|------------------|
| Expected retail sales growth: | 13.4% |
| Expected job growth: | 5.0% |
| Fastest growing jobs sector: | Leisure Services |
| Expected personal income growth: | 14.4% |

| | |
|--|-------|
| Expected population growth: | 2.2% |
| Net migration to account for: | 84.5% |
| Expected growth in number of vehicles: | 4.8% |

Demographics (2017)

| | |
|---|-------|
| Unemployment rate (April 2017): | 3.3% |
| County rank* in California (58 counties): | 6th |
| Working age (16-64) population: | 65.1% |

| | |
|-----------------------------------|-----------|
| Population with B.A. or higher: | 32.9% |
| Median home selling price (2016): | \$510,000 |
| Median household income: | \$65,790 |

Quality of Life

| | |
|---|-------------------------|
| Violent crime rate (2015): | 284 per 100,000 persons |
| County rank* in California (58 counties): | 17th |
| Average commute time to work (2017): | 23 minutes |

| | |
|--|------|
| High School drop out rate (2016): | 4.3% |
| Households at/below poverty line (2017): | 7.5% |

* The county ranked 1st corresponds to the lowest rate in California